

Thirdly. The Financial Position of the Province.

STATEMENT of Estimated Expenditure of the Provincial Government of Otago for the remainder of the Half-year ending 30th September, 1864.

	JUNE.	JULY.	AUGUST.	SEPTEMBER.
Salaries, Contingencies, Grants, &c. - - -	£2,300	£30,295	£24,504	£42,881
Contracts, Day Labour, &c. - - -	1,500	36,839	23,628	20,216
Loans, Bank Interest, &c. - - -	2,500			18,865
Loan to Town Board - - - - -	1,000	6,000	6,000	6,000
	£7,300	£73,134	£54,132	£87,963

On the 27th June, 1864, the overdraft at the Bank of New Zealand, in Dunedin, was £113,012 9s. 5d., but on the 4th July, instant, it had been reduced to about £75,000; which amount the Provincial Government is not at liberty to exceed.

It will be seen by the foregoing Estimates of Revenue for the Half-year from the 1st of April to the 30th September, 1864, and of Expenditure from the 27th June to the 30th September, that the deficiency to be made good by Debentures or otherwise was likely to be of considerable amount. On a careful examination of the condition of the Provincial Accounts at the beginning of the present month the Superintendent, with the aid of the Provincial Treasurer, found that in all probability the deficiency at the end of the current financial year (30th Sept, 1864), would amount to about £40,000.

Assuming this position to be approximately correct, the general financial position of the Province would appear to be somewhat as follows.—

Loans, valued at Par.

	£	s.	d.
Otago Harbour Loan, 1861—2, - - - - -	50,000	0	0
„ Loan, 1861—2, (for general purposes) £50,000, less Debentures sold £7,000 - - - - -	43,000	0	0
„ Public Buildings Loan, 1861—2, - - - - -	50,000	0	0
„ Loan of 1862, £500,000, less sold £38,000 - - - - -	462,000	0	0
	£605,000	0	0

Liabilities.

	£	s.	d.
Debt to Bank of New Zealand in London - - - - -	212,000	0	0
Ditto in Dunedin - - - - -	75,000	0	0
Balance of £35,000, Loan of 1856, to be repaid, - - - - -	16,000	0	0
Probable deficit on account of Half-year ending 30th September, 1864, - - - - -	40,000	0	0
	£343,000	0	0

Shewing a Balance of £262,000—to become available out of existing Loans, which amount the Superintendent considers sufficient to provide for all immediately required Public Works,—Railways excepted.

Fourthly. The difficulties which prospectively threaten the Province, and the means by which they may be avoided.

These difficulties are twofold and are connected with existing arrangements between the Provincial Government and the Bank of New Zealand.

By those arrangements the Bank of New Zealand will be entitled on His Excellency's assent being given to the “Otago Loan Ordinance 1862, Amendment Ordinance 1864,” to sell at any price which can be obtained for them, Otago Debentures to the amount of the united overdrafts upon that Bank in London and Dunedin. Should this power be acted on by the Bank a loss most serious in character and amount would be sustained by the Province. Further, as already stated, the Provincial Government cannot exceed the limits of its present overdraft in Otago consequently, the possibility exists that the Government may not be able to meet the whole of its liabilities for the current financial half-year. In order to avert either or both of these evils, the Superintendent suggests that the Government should afford an assurance that they will prepare and introduce as a Government measure at the next Session of the New Zealand Parliament, a Bill by which the guarantee of the Colony may be given to the existing Loans of the Province, in order that they may be enabled to rank in the English Market as Colonial and not merely as Provincial Securities. And further that should it become necessary to do so, the Government will make a temporary advance to the Province of from £40,000 to £50,000 to enable it to meet existing engagements entered into previously to the fact being known that Provincial Debentures were unmarketable securities. As security for the repayment of such advance the Superintendent would be willing to place with the Government Provincial